

1 Q The reason that I ask is that Steve Kline did not
2 hold any position at WTRC, did he?

3 A No, but it's very possible that Steve Kline and
4 Dick Rhodes -- not possible, probable that Steve Kline and
5 Dick Rhodes agreed to the sharing of this employee, and it
6 wouldn't have been split without both of them having agreed
7 with it.

8 Q Could you please turn to pages 10 and 11?

9 A Okay.

10 Q Is that your letter?

11 A Yes, it is.

12 Q And just a, you know, a brief summarization of
13 what the letter is about.

14 A Let's see here. Okay, basically, whenever an
15 employee leaves the company a determination has to be made
16 whether that employee has any kind of a vested benefit in
17 the company's pension plan or retirement plan, and you're
18 required to then let that employee know what his or her
19 vested benefit is, and, you know, that's what I'm doing here
20 is to make a communication to him.

21 MR. SHOOK: Your Honor, the Bureau offers page 6
22 through 11 of Exhibit 89.

23 JUDGE CHACHKIN: Any objections?

24 MR. JOHNSON: None, Your Honor.

25 MR. WERNER: No, Your Honor.

1 JUDGE CHACHKIN: Pages 6 through 11 are received.

2 (The document referred to,
3 having been previously marked
4 for identification as MMB
5 Exhibit No. 89, pages 6
6 through 11 were received into
7 evidence.)

8 BY MR. SHOOK:

9 Q Mr. Watson, please turn to Exhibit 97.

10 A Okay.

11 Q Do you recognize the three documents that are
12 contained herein?

13 A I recognize what they are. I've probably never
14 saw them. I don't know if I saw them or now.

15 Q Did your office have any role in preparing these
16 documents --

17 A Yes, yes.

18 Q -- for Hicks Broadcasting?

19 A Yes. Dave Hayes prepared these documents. They
20 were then reviewed and under the supervision of Alan
21 Campbell, counsel, and then they would have been signed by
22 Dave Hicks.

23 Q And you recognize Mr. Hicks' signature?

24 A That I do.

25 Q On pages 1, 3 and 5?

1 A Yes.

2 MR. SHOOK: Your Honor, the Bureau offers Exhibit
3 97.

4 JUDGE CHACHKIN: Any objection?

5 MR. WERNER: No, Your Honor.

6 JUDGE CHACHKIN: Bureau Exhibit 97 is received.

7 (The document referred to,
8 having been previously marked
9 for identification as MMB
10 Exhibit No. 97, was received
11 into evidence.)

12 BY MR. SHOOK:

13 Q Mr. Watson, please turn to Exhibit 98.

14 A Okay.

15 Q Do you recognize the signatures that appear on
16 pages 1 and 3?

17 A Yes, I do.

18 Q Would you tell us what these documents are?

19 A These appear to be the 395, the annual employment
20 report, 395 report for WTRC and WBYT. The first one is for
21 the payroll period covered was February 10, 1996, and the
22 next one is February 8, 1997.

23 MR. SHOOK: Your Honor, the Bureau offers Exhibit
24 98.

25 JUDGE CHACHKIN: Any objection?

1 MR. WERNER: No, Your Honor.

2 JUDGE CHACHKIN: The exhibit is received.

3 (The document referred to,
4 having been previously marked
5 for identification as MMB
6 Exhibit No. 98, was received
7 into evidence.)

8 BY MR. SHOOK:

9 Q Mr. Watson, could you turn to Exhibit 103, please?

10 Now, with respect to page 1, did you or someone
11 under your authority prepare the note that appears on page
12 1?

13 A Yes. Yes. And at the request of Dave, Dave
14 Hicks.

15 Q And it's your handwriting that says "Canceled 12-
16 31-97, renewed"?

17 A Yes, that's mine.

18 Q Could you turn to page 2, please?

19 A Is that your signature?

20 A Yes, it is.

21 Q And you sent this memo to Mr. Hicks on or about
22 April 12, 1996?

23 A Well, I assume so. Let me read it for a minute.

24 Q Okay.

25 (Witness reviews document.)

1 A Yes.

2 Q Now, with respect to the last sentence of the
3 second full paragraph, do you have any recollection as to
4 whether Mr. Hicks got back to you and responded to your
5 request or suggestion there?

6 A I don't recall. I don't think he did. I think
7 that he elected to deduct that from -- I believe that he
8 elected to have that deducted from the loans, his loans to
9 the company, treat it as a payment term.

10 Q Could you turn to page 3, please?

11 A Okay.

12 Q And is that your signature?

13 A Yes.

14 Q And is that your note to Dal?

15 A Yes. Yes, it is.

16 Q Could you clarify for us, after the word "note"
17 and colon, I can't make out those words?

18 A It says, "Interest accrual needed," meaning I'm
19 reminding Dallas, who merely at that time made the interest
20 accrual on these notes, did the accounting for them, to make
21 sure he accrued interest on it. It was just a reminder.

22 Q With respect to page 4.

23 A Yes.

24 Q Recognizing that the note is unsigned, what is
25 here something that would have been prepared by you or

1 someone under your direction?

2 A Yes, at the request and approval of Dave Hicks,
3 who, of course, signed it.

4 Q Turning to page 5, is the signature yours?

5 A Yes.

6 Q Now, can you make out the note that apparently was
7 written on this?

8 A Probably. Let me just read the memo a second.

9 Q Sure.

10 (Witness reviews document.)

11 A Okay. "Bob, you will find enclosed all of the
12 notes signed by myself. You have my original note returned.
13 Thanks. Dave."

14 Q And the Bob is you, and the Dave you understood to
15 be Mr. Hicks?

16 A I'm sure it was Dave, yes, because I ask him in
17 that last sentence, "If you would like to keep your note,
18 return a copy to me."

19 Q With respect to page 6, the copy of a check that
20 appears, there is something written underneath it,
21 "Deposited to."

22 Could you explain what that is?

23 A I believe that is a loan account on the books of
24 Hicks Broadcasting, LLC. In other words, this was a loan
25 that Dave Hicks made to the entity, Hicks Broadcasting, LLC,

1 and that's the account that it was deposited into.

2 Q And the note that appears on page 7, would that
3 not basically be in response to this check?

4 A I would say --

5 Q Connected to it?

6 A I would say, yes, yes, because it's around the
7 same date.

8 Q And the "Canceled 12-31-97, renewed" is your
9 handwriting?

10 A That's correct. This note was renewed at that
11 time.

12 Q Turning to page 8.

13 A Okay.

14 Q The signatures that appear on the check are from
15 you and Mr. Johnston?

16 A Yes.

17 Q And what does this represent?

18 A This appears to be repayment, Hicks Broadcasting
19 repaid part of, or repaid a loan to Dave Hicks in the
20 principal amount of 8,388.45, and interest accrued of
21 1,611.55, and it's a payment back to him for a loan that he
22 had previously made to the entity.

23 Q Turn to page 9, please.

24 A Okay.

25 Q Was this note prepared by you or someone under

1 your authority?

2 A Prepared by me, requested by Dave Hicks, and
3 signed by him.

4 Q With respect to page 10, same question?

5 A Yes, this was prepared by me at Dave's request,
6 and signed by him.

7 Q And the documents on page 11 are related to the
8 note on page 10?

9 A Yes. This is a -- yes, this is where, yeah, Dave
10 Hicks made a loan to Hicks Broadcasting, the entity Hicks
11 Broadcasting. That's correct, they relate to each other.

12 Q And what does the note on page 12 reflect?

13 A It would appear that he -- excuse me. The note,
14 promissory note was payable to him as you'll notice, "This
15 note shall be fully due and payable on January 2, 2000," and
16 he didn't like the date that it was due, and he says, "as
17 stated," meaning we had talked about it already when he
18 loaned the company the money. "As stated, I wanted this
19 note to be payable on demand. Maybe as soon as July 31."

20 So he was telling me that he signed this note, but
21 it really another one should have been issued to be payable
22 on demand, or at least the due date changed. And that --
23 yeah.

24 Q Now, is the note on page 13 the same as the note
25 on page 10, because they both reference 98-1?

1 A I believe those are the same, a copy of the same
2 document. They are identical documents.

3 Q Okay.

4 MR. SHOOK: Your Honor, the Bureau offers Exhibit
5 103?

6 JUDGE CHACHKIN: Any objections?

7 MR. WERNER: No, Your Honor.

8 JUDGE CHACHKIN: The exhibit is received.

9 (The document referred to,
10 having been previously marked
11 for identification as MMB
12 Exhibit No. 103, was received
13 into evidence.)

14 BY MR. SHOOK:

15 Q Mr. Watson, would you please turn to the fourth
16 volume to Exhibit 111?

17 A Okay.

18 Q Are you the Bob to whom this note is addressed?

19 A Yes.

20 Q And who is sending it to you?

21 A Dave Hicks is sending me an e-mail message here.

22 Q Is that Naples, Florida address a temporary
23 address or he's there on vacation or?

24 A It was a temporary address. I think he was there
25 on vacation.

1 Q And what is that you've written on the side to
2 Eileen, it appears?

3 A "Eileen, please keep. Thanks."

4 That's my assistant. I wanted her to take note of
5 the temporary address in case I -- you know, I send him
6 stuff, or she sends him the financials at the end of the
7 month so she knows where to send them.

8 Q What is the trade account problem that is
9 referenced in the note?

10 A I don't recall offhand what it is. I just don't
11 remember. I do know they had a trade account problem. It
12 may be that some trade -- what often happens is the
13 paperwork doesn't catch up with some of the trades and
14 that's one of the hardest things to do is when you barter
15 advertising for services or merchandise, one of the hardest
16 things to do is to get those invoices from the people that
17 you get the services or the merchandise from. And it may
18 have been a problem like that. That's often the case, and
19 it may have been the same problem, but I had talked to him
20 about it at some point in time; "talked with you yesterday,
21 so I talked to him about it, and maybe there was a large
22 trade adjustment coming through to WRBR, and therefore I'm
23 discussing it with him.

24 Q Is this a problem for your office to solve in some
25 respect?

1 A Well, keep in mind that we're keeping the books
2 and records for Hicks, and if the trade receivables, if
3 those invoices haven't come through in a timely manner, and
4 then all of a sudden you do a review of those trades and you
5 say -- and you sit down with the general sales manager over
6 there and you find out that something should have been
7 recorded as an expense that has not, and they've got to go
8 out to these advertisers and get invoices because that's how
9 they get recorded on the books. You've got to have an
10 invoice to record an expense. You just can't record it as
11 an expense without some documentation.

12 So sometimes that happens, and it happens all at
13 once, and, yeah, that would be -- that's everybody's
14 problem. That's not just accounting, but accounting would
15 bring it to their attention that that an invoices appears to
16 be needed. We've got advertising on the books but no credit
17 to offset it, and we know we've got -- somebody has told me
18 that we've traded for something here. Very common problem
19 in the broadcasting business. Those invoices lag sometimes
20 the actual trade of merchandise.

21 MR. SHOOK: Your Honor, the Bureau offers Exhibit
22 111.

23 JUDGE CHACHKIN: Any objection?

24 MR. JOHNSON: No, Your Honor.

25 MR. WERNER: No, Your Honor.

1 JUDGE CHACHKIN: 111 is received.

2 (The document referred to,
3 having been previously marked
4 for identification as MMB
5 Exhibit No. 111, was received
6 into evidence.)

7 MR. SHOOK: Your Honor, the Bureau has no further
8 questions of this witness?

9 JUDGE CHACHKIN: Let me ask you one question. How
10 big is your accounting department?

11 THE WITNESS: The accounting department is, oh,
12 about 11 to 12 people, counting myself. Did I say 11 and
13 12? We just pulled somebody out that used to be in the
14 newspapers advertising department and added him to our
15 staff, so actually that person is now ours. That would make
16 it 12.

17 JUDGE CHACHKIN: How many accountants do you have?

18 THE WITNESS: Accountants and clerks. Hold on
19 just one second.

20 JUDGE CHACHKIN: Well, the accounting division.

21 THE WITNESS: Well now -- with an accounting
22 degree?

23 JUDGE CHACHKIN: Yes.

24 THE WITNESS: Four.

25 JUDGE CHACHKIN: Well, I thought when you became

1 chief financial officer that you no longer were directly
2 involved in accounting; that you were -- your area of
3 supervision was much greater than that; took care of the
4 whole corporation; is that right?

5 THE WITNESS: Yes. I mean, anything to do with
6 the financial area.

7 JUDGE CHACHKIN: Now, when I read Exhibit 1, page
8 81, which is the accounting agreement to provide accounting
9 services, am I right there is nothing in this agreement
10 requiring your personal services?

11 THE WITNESS: No, there is nothing that requires
12 my personal services. It was meant to be all-encompassing
13 of the services.

14 JUDGE CHACHKIN: But it doesn't require your
15 personal services as chief financial officer, does it?

16 THE WITNESS: It doesn't -- depending on what the
17 service is, Your Honor. I don't actually do the accounting.
18 I don't make -- in these things, I mean I don't -- I do have
19 accountants that do a lot of the work.

20 JUDGE CHACHKIN: Well, when it says "perform all
21 accounting functions," what are accounting functions?

22 THE WITNESS: Okay, the -- the recording of cash
23 receipts, the keeping of all the general ledger for the
24 company, paying -- anything to do with the accounts. The
25 accounts in the company would be accounting, issuing

1 financial statements, overseeing the bills.

2 JUDGE CHACHKIN: It certainly doesn't include
3 making decisions for Hicks, does it?

4 THE WITNESS: No, not unless they are accounting-
5 related type decision, which the owner wouldn't get involved
6 in.

7 JUDGE CHACHKIN: Well, you just told me what
8 accounting functions consist of. And basically, as I
9 understand it, means keeping books and records.

10 THE WITNESS: That's true, but there is
11 occasionally a decision that has to be made, like where do
12 you account for something, or do you -- you have to account
13 for it in the proper account and that kind of decision.

14 JUDGE CHACHKIN: I understand that. I can
15 understand that. But it seems to me by reading all the
16 exhibits the Bureau has put in the work you performed for
17 Hicks goes far beyond what the normal accounting functions
18 consist of, doesn't it?

19 THE WITNESS: I really don't think so, Your Honor.

20 JUDGE CHACHKIN: Well, I mean, here you're
21 attending all kinds of meetings by request, of course, it
22 says here. You're getting into all kinds of areas where
23 presumably the owner of the station would be made the
24 decision, or certainly if not the owners, somebody under the
25 owner's supervision who is an employee of Hicks; isn't that

1 true?

2 THE WITNESS: Your Honor, I don't believe so. I
3 don't think I made any decisions that Dave -- without
4 consulting Dave to any substantial --

5 JUDGE CHACHKIN: I understand you --

6 THE WITNESS: -- or not at all.

7 JUDGE CHACHKIN: I understand you consulted Dave.

8 THE WITNESS: Not just consulted him, but he
9 actually --

10 JUDGE CHACHKIN: But my question is why in the
11 world were you ever involved in any of these decisions if
12 all you were performing was accounting services? Why should
13 he consult you at all about any -- why should you get
14 involved, for instance, in legal services, what payments of
15 legal services should be made?

16 THE WITNESS: Well, excuse me. Those bills were
17 coming from Dave.

18 JUDGE CHACHKIN: I'm not talking about the bills.
19 You were also involved in whether you should pay these bills
20 or not, weren't you?

21 THE WITNESS: Well, no. No, all the -- most of
22 them, I'm not saying there weren't a couple, but almost all
23 of them were actual -- they were sent to me for payment from
24 Dave.

25 JUDGE CHACHKIN: Well, probably the lawyers were

1 also sending you material also in connection with this,
2 weren't they?

3 THE WITNESS: Depending on what it was, at what
4 point in time.

5 The accounting services was -- he did not have an
6 employees. He would have had to hire somebody. If we would
7 not have been an independent contractor for him, he hired us
8 as a contract basis to do the additional things that we
9 weren't already doing for the joint venture. We were
10 already doing a lot of the accounting for the joint venture,
11 and required to by the document, the joint venture document.
12 We were required to do all that.

13 This agreement was to take care of every -- all
14 that incremental work or he would have had to hire somebody
15 to do it, and then he, in fact, hired us to do it.

16 JUDGE CHACHKIN: Well, but I understand that he
17 hired you for \$700 a month to perform accounting functions,
18 period. No, I suggest to you that a lots of things that you
19 did for him were far and above what one could consider
20 accounting functions.

21 Do you disagree with that?

22 THE WITNESS: It was meant to be maybe more
23 encompassing than what you're seeing. It was meant to be
24 accounting, issuing the financial statements, paying the
25 bills, government report, anything to do that required an

1 also sending you material also in connection with this,
2 weren't they?

3 THE WITNESS: Depending on what it was, at what
4 point in time.

5 The accounting services was -- he did not have an
6 employees. He would have had to hire somebody. If we would
7 not have been an independent contractor for him, he hired us
8 as a contract basis to do the additional things that we
9 weren't already doing for the joint venture. We were
10 already doing a lot of the accounting for the joint venture,
11 and required to by the document, the joint venture document.
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14 that incremental work or he would have had to hire somebody
15 to do it, and then he, in fact, hired us to do it.

16 JUDGE CHACHKIN: Well, but I understand that he
17 hired you for \$700 a month to perform accounting functions,
18 period. No, I suggest to you that a lots of things that you
19 did for him were far and above what one could consider
20 accounting functions.

21 Do you disagree with that?

22 THE WITNESS: It was meant to be maybe more
23 encompassing than what you're seeing. It was meant to be
24 accounting, issuing the financial statements, paying the
25 bills, government report, anything to do that required an

1 accountant or a -- I mean, for example, these, and a lot of
2 these kind of things are done by our office.

3 JUDGE CHACHKIN: Well, it seems to me --

4 THE WITNESS: It's not just accounting. That's
5 where the data comes from.

6 JUDGE CHACHKIN: But it seems to me what you were
7 doing for him was basically what you were doing for your own
8 company which you worked for.

9 Is there any difference between the work you were
10 doing for him and the work you did for Hicks?

11 A Well, agreed that we had the infrastructure in
12 place to do a lot of this. That's why it didn't take that
13 much more to do it. We were already doing stuff for the
14 joint venture. To do this incremental work for him wasn't
15 that much, and therefore we could do it a lot -- we could do
16 it less expensively than he could have hired done by
17 somebody else.

18 Q I understand that, but all we're talking about, as
19 I understand, you were only hired to do accounting services
20 and you've indicated to me what the accounting services
21 means. It means keeping the books and records, and putting
22 in ledger sheets information which is supplied to you by
23 someone else.

24 THE WITNESS: Well, it's more than -- it's more
25 than that, sir. He hired us to do everything that a

1 business office would do for his station. If we didn't do
2 it, he would have had to hire somebody to do it. Anything
3 to do with the gathering of data and business, and that kind
4 of thing.

5 JUDGE CHACHKIN: Well, I understand it he would
6 have had to hire someone else, but it's his station, and
7 presumably he would have had to -- he would have to hire a
8 staff to do these things if he --

9 THE WITNESS: Yes, but I --

10 JUDGE CHACHKIN: Instead you did the work for him
11 as you did for Pathfinder.

12 THE WITNESS: But may I suggest, sir, --

13 JUDGE CHACHKIN: Yes.

14 THE WITNESS: -- Your Honor, that this is not
15 uncommon for a small business. Let's just say that we
16 weren't Pathfinder staff. Let's just say we were a small
17 CPA firm doing this. The small CPA firms are hired all the
18 time to do exactly what we've done for small business, and
19 that's what WRBR was, was a small business, which we already
20 had an infrastructure ready to go and ready to do this.

21 I don't think that -- I don't think, and it
22 certainly wasn't intended that any substantive decisions
23 were made without Dave's approval, and I don't think
24 anything was.

25 JUDGE CHACHKIN: Well, I would suggest to you that

1 normally the chief financial officer who is probably the
2 second most important person in the company normally doesn't
3 get involved in doing accounting services under an agreement
4 of this nature.

5 THE WITNESS: Well, depending on what you mean by
6 accounting services. I didn't get involved in all the
7 debits and credits. I did -- in fact, I didn't approve
8 every bill for payment for Hicks. The only reason you saw
9 my initials on the attorney's bills is because accounts
10 payable, it's just kind of a rule that -- in the business
11 office that no attorneys get paid without my initials on
12 them. However, I was not approving those bills.

13 Other -- when we had other bills from Hicks
14 Broadcasting, all programming bills, all the promotion
15 bills, all the other bills that were in the sales, you don't
16 see my name on them. I didn't get involved in coding those.
17 So you've only see what I would suggest is a small part of
18 all the bills for Hicks, and my initials aren't on 99
19 percent of them.

20 JUDGE CHACHKIN: Well, the record will reflect the
21 extent to which you were involved with Hicks Broadcasting.

22 But you didn't take on these responsibilities as a
23 good -- as a good will gesture. Presumably, as you've
24 indicated, you were acting at the behest of Mr. Dille in
25 performing these services for Hicks, were you not?

1 THE WITNESS: He was aware of them. We were able
2 to lay off some expense of \$700 a month, and later it
3 changed to a thousand, Your Honor, a month for the service.
4 I mean, it was considered to be an equitable payment for
5 services rendered, or it was certainly intended to be.

6 JUDGE CHACHKIN: Well, I notice -- I notice, for
7 instance, that Mr. Dille was very careful to say that he was
8 not involved in any way in the running of Hicks, I forgot
9 what the specific language were.

10 THE WITNESS: Yes.

11 JUDGE CHACHKIN: But he didn't say it in the same
12 letter that neither would any of his officers or directors
13 or high employees be involved in the running of Hicks.

14 THE WITNESS: Well, Your Honor --

15 JUDGE CHACHKIN: Now, could you explain to me why
16 if he wasn't going to be involved in any way, why he allowed
17 you to be so heavily involve in Hicks?

18 THE WITNESS: Your Honor --

19 JUDGE CHACHKIN: The record will reflect the
20 extent to which you were involved here.

21 THE WITNESS: Yes, but I contend, Your Honor, and
22 I really believe that in the capacity of Hicks after the
23 accounting service agreement started, after April 5, 1994, I
24 was an independent contractor for Hicks. I was --

25 JUDGE CHACHKIN: You weren't paid anything by

1 Hicks.

2 THE WITNESS: No, but our firm was. I mean,
3 Pathfinder was paid.

4 JUDGE CHACHKIN: Okay.

5 THE WITNESS: Now, to the extent that I got to do
6 a few things and some other people in our office has to do
7 some things to accomplish that task that we agreed to, there
8 is absolutely, I had had -- I had no control over Hicks.

9 JUDGE CHACHKIN: Well, the record, again, will
10 reflect what it will reflect, but I suggest to you I think a
11 substantial question is raised here the services that you
12 personally performed above and beyond what the accounting
13 agreement provides for, and the record will so reflect that
14 when all the evidence is taken.

15 Do you have anything further?

16 MR. SHOOK: Only to distribute copies of Mass
17 Media Bureau Exhibit 127, which has been received, to
18 yourself, and as far as the court reporter already has two
19 copies of it.

20 JUDGE CHACHKIN: All right.

21 (Pause.)

22 JUDGE CHACHKIN: Who is going to lead off the
23 cross-examination?

24 MR. GUZMAN: I am, Your Honor, on behalf of
25 Pathfinder.

1 JUDGE CHACHKIN: Go ahead.

2 MR. GUZMAN: Your Honor, last week there was a
3 little bit of confusion relating to the use of documents.
4 And since that time, Pathfinder has gone back and attempted
5 to pull out of it two binders all of the exhibits which
6 duplicated things that were already in the Mass Media
7 Bureau's binders, and we've since distributed to the Court
8 and to the reporter and to all of the parties new binders
9 that have approximately 70 odd tabs in them.

10 There are some of these documents -- these
11 documents intend not to duplicate things that the Bureau has
12 already introduced into evidence or that were referred to in
13 the presentation of its case.

14 JUDGE CHACHKIN: Do you want to identify your
15 exhibits or do it as you go along or just what?

16 MR. GUZMAN: Yes, sir, that's what I was going to
17 propose. I thought that might make things easier for
18 everybody if that's agreeable to you.

19 JUDGE CHACHKIN: To do what?

20 MR. GUZMAN: To identify our exhibits now.

21 JUDGE CHACHKIN: At this time. Go ahead.

22 MR. GUZMAN: Exhibits 1 through 5 have already
23 been identified and admitted, so I guess we can start with
24 Exhibit 6.

25 JUDGE CHACHKIN: All right.

1 MR. GUZMAN: This is a letter from Kimberly
2 Houdelin to John F. Dille, dated June 17, 1993. That's
3 Pathfinder Exhibit No. 6.

4 JUDGE CHACHKIN: Six. How many pages does it
5 consist of? Is it 29 pages?

6 MR. GUZMAN: It's 29 pages, Your Honor.

7 JUDGE CHACHKIN: All right, the document described
8 will be marked for identification as Pathfinder Exhibit 6.

9 (The document referred to was
10 marked for identification as
11 Pathfinder Exhibit No. 6.)

12 MR. GUZMAN: Pathfinder Exhibit No. 7 is a draft
13 local marketing agreement dated June 21, 1993; consists of
14 19 pages.

15 JUDGE CHACHKIN: The document described will be
16 marked for identification as Pathfinder Exhibit 7.

17 (The document referred to was
18 marked for identification as
19 Pathfinder Exhibit No. 7.)

20 MR. GUZMAN: Pathfinder Exhibit No. 8 is a
21 facsimile sent by Wiley, Ryan & Fielding dated June 21,
22 1993; consists of two pages.

23 JUDGE CHACHKIN: The document will be marked as
24 Pathfinder Exhibit 8.

25 //

1 (The document referred to was
2 marked for identification as
3 Pathfinder Exhibit No. 8.)

4 MR. GUZMAN: Pathfinder Exhibit No. 9 is a letter
5 from Alan Campbell to Robert Watson dated June 19, 1993; one
6 page, Your Honor.

7 JUDGE CHACHKIN: The document described will be
8 marked for identification as Pathfinder Exhibit 9.

9 (The document referred to was
10 marked for identification as
11 Pathfinder Exhibit No. 9.)

12 MR. GUZMAN: Pathfinder Exhibit No. 10 is a series
13 of calendar entries from Mr. Hicks' personal calendar;
14 consists of five pages.

15 JUDGE CHACHKIN: That will be marked for
16 identification as Pathfinder Exhibit 10.

17 (The document referred to was
18 marked for identification as
19 Pathfinder Exhibit No. 10.)

20 MR. GUZMAN: Pathfinder Exhibit No. 11 is a
21 client/matter form from the firm of Miller, Canfield,
22 Paddock and Stone dated September 21, 1993; consists of one
23 page.

24 JUDGE CHACHKIN: That will be marked for
25 identification as Pathfinder Exhibit 11.

1 (The document referred to was
2 marked for identification as
3 Pathfinder Exhibit No. 11.)

4 MR. GUZMAN: Pathfinder Exhibit No. 12 is an e-
5 mail dated September 21, 1993; consists of one page.

6 JUDGE CHACHKIN: It's marked for identification as
7 Pathfinder Exhibit 12.

8 (The document referred to was
9 marked for identification as
10 Pathfinder Exhibit No. 12.)

11 MR. GUZMAN: Pathfinder Exhibit No. 13 is a series
12 of handwritten notes dated September 21, 1993; consists of
13 three pages.

14 JUDGE CHACHKIN: It will be marked for
15 identification as Pathfinder Exhibit 13.

16 (The document referred to was
17 marked for identification as
18 Pathfinder Exhibit No. 13.)

19 MR. GUZMAN: Pathfinder Exhibit No. 14 are two
20 pages of handwritten notes dated October 5, 1993.

21 JUDGE CHACHKIN: It will be marked for
22 identification as Pathfinder Exhibit 14.

23 (The document referred to was
24 marked for identification as
25 Pathfinder Exhibit No. 14.)

1 MR. GUZMAN: Pathfinder Exhibit No. 15 is a draft
2 security agreement dated October 8, 1993.

3 JUDGE CHACHKIN: It will be marked for
4 identification as Pathfinder Exhibit 15.

5 (The document referred to was
6 marked for identification as
7 Pathfinder Exhibit No. 15.)

8 MR. GUZMAN: Pathfinder Exhibit No. 16 is a draft
9 budget agreement dated October 8, 1993; consists of 26
10 pages.

11 JUDGE CHACHKIN: It will be marked for
12 identification as Pathfinder Exhibit 16.

13 (The document referred to was
14 marked for identification as
15 Pathfinder Exhibit No. 16.)

16 MR. GUZMAN: Pathfinder Exhibit 17 is a draft
17 asset purchase agreement dated October 11, 1993; consists of
18 28 pages.

19 JUDGE CHACHKIN: It will be marked for
20 identification as Pathfinder Exhibit 17.

21 (The document referred to was
22 marked for identification as
23 Pathfinder Exhibit No. 17.)

24 MR. GUZMAN: Pathfinder Exhibit 18 is a draft
25 escrow agreement dated October 11, 1993; consists of five

1 page.

2 JUDGE CHACHKIN: It will be marked for
3 identification as Pathfinder Exhibit 18.

4 (The document referred to was
5 marked for identification as
6 Pathfinder Exhibit No. 18.)

7 JUDGE CHACHKIN: Pathfinder Exhibit 19 is a draft
8 noncompetition agreement dated October 11, 1993; consists of
9 2 pages.

10 JUDGE CHACHKIN: It will be marked for
11 identification as Pathfinder Exhibit 19.

12 (The document referred to was
13 marked for identification as
14 Pathfinder Exhibit No. 19.)

15 MR. GUZMAN: Pathfinder Exhibit 20 is a draft
16 Schedule 2.1(a) entitled "Payment of Transaction
17 Consideration," dated October 12, 1993.

18 JUDGE CHACHKIN: It will be marked for
19 identification as Pathfinder Exhibit 20.

20 (The document referred to was
21 marked for identification as
22 Pathfinder Exhibit No. 20.)

23 MR. GUZMAN: Pathfinder Exhibit No. 21 is a draft
24 escrow agreement dated November 4, 1993; consists of six
25 pages.

1 JUDGE CHACHKIN: It will be marked for
2 identification as Pathfinder Exhibit 21.

3 (The document referred to was
4 marked for identification as
5 Pathfinder Exhibit No. 21.)

6 MR. GUZMAN: Pathfinder Exhibit No. 22 is a draft
7 noncompetition agreement dated November 4, 1993; consists of
8 two pages.

9 JUDGE CHACHKIN: It will be so marked.

10 (The document referred to was
11 marked for identification as
12 Pathfinder Exhibit No. 22.)

13 MR. GUZMAN: Pathfinder Exhibit 23 is a page of
14 handwritten notes dated November 22, 1993; one page.

15 JUDGE CHACHKIN: It will be so marked.

16 (The document referred to was
17 marked for identification as
18 Pathfinder Exhibit No. 23.)

19 MR. GUZMAN: Pathfinder Exhibit No. 24 is a draft
20 asset purchase agreement dated November 30, 1993; consists
21 of 57 pages.

22 JUDGE CHACHKIN: It will be so marked.

23 (The document referred to was
24 marked for identification as
25 Pathfinder Exhibit No. 24.)

1 MR. GUZMAN: Pathfinder Exhibit No. FCC Form 314.
2 It bears a fax header indicating transmission on December
3 14, 1993.

4 JUDGE CHACHKIN: It will be so marked.
5 (The document referred to was
6 marked for identification as
7 Pathfinder Exhibit No. 25.)

8 MR. WERNER: Judge Chachkin?

9 JUDGE CHACHKIN: Yes?

10 MR. WERNER: Do you mind if Mr. Watson steps down
11 while we finish this?

12 JUDGE CHACHKIN: Sure.

13 MR. GUZMAN: He can take a break. It's going to
14 be 15 minutes.

15 THE WITNESS: It's going to take 15 minuets?

16 MR. GUZMAN: I'm sure it will.

17 THE WITNESS: I might step out for a moment.

18 Thank you.

19 MR. GUZMAN: Pathfinder Exhibit 26 is a cover
20 letter and accompanying FCC Form 314. The cover letter is
21 dated December 17, 1993. The letter goes from Alan Campbell
22 to Dave Hicks on that date, and the exhibit comprises -- one
23 moment, Your Honor.

24 (Pause.)

25 MR. GUZMAN: Thirteen pages.

1 JUDGE CHACHKIN: The exhibit will be so marked.

2 (The document referred to was
3 marked for identification as
4 Pathfinder Exhibit No. 26.)

5 MR. GUZMAN: Pathfinder Exhibit 27 is a page of
6 handwritten notes dated February 18, 1994.

7 JUDGE CHACHKIN: It will be so marked.

8 (The document referred to was
9 marked for identification as
10 Pathfinder Exhibit No. 27.)

11 MR. GUZMAN: Pathfinder Exhibit No. 28, one page
12 of handwritten notes dated February 28, 1994.

13 JUDGE CHACHKIN: It will be so marked.

14 (The document referred to was
15 marked for identification as
16 Pathfinder Exhibit No. 28.)

17 MR. GUZMAN: Pathfinder Exhibit 29 is a bill from
18 the law firm of Irwin, Campbell & Crowe dated March 7, 1994;
19 two pages.

20 JUDGE CHACHKIN: It will be so marked.

21 (The document referred to was
22 marked for identification as
23 Pathfinder Exhibit No. 29.)

24 MR. GUZMAN: Pathfinder Exhibit No. 30 is a letter
25 from John Dille to Steve Kline dated March 17, 1994.

1 JUDGE CHACHKIN: It will be so marked.

2 (The document referred to was
3 marked for identification as
4 Pathfinder Exhibit No. 30.)

5 MR. GUZMAN: Pathfinder Exhibit No. 31 is a letter
6 from Alan Campbell to David Hicks dated March 17, 1994; two
7 pages.

8 JUDGE CHACHKIN: It will be so marked.

9 (The document referred to was
10 marked for identification as
11 Pathfinder Exhibit No. 31.)

12 MR. GUZMAN: It's seven pages.

13 JUDGE CHACHKIN: Seven pages. It will be so
14 marked.

15 MR. GUZMAN: Pathfinder Exhibit No. 32,
16 handwritten notes dated March 23, 1994.

17 JUDGE CHACHKIN: It will be so marked.

18 (The document referred to was
19 marked for identification as
20 Pathfinder Exhibit No. 32.)

21 MR. GUZMAN: Three pages.

22

23 MR. GUZMAN: Pathfinder Exhibit No. 33, more
24 handwritten notes. These are undated, and they comprise six
25 pages.

1 JUDGE CHACHKIN: It will be so marked.

2 (The document referred to was
3 marked for identification as
4 Pathfinder Exhibit No. 33.)

5 MR. GUZMAN: Pathfinder Exhibit No. 34,
6 handwritten notes dated March 29, 1994; three pages.

7 JUDGE CHACHKIN: It will be so marked.

8 (The document referred to was
9 marked for identification as
10 Pathfinder Exhibit No. 34.)

11 MR. GUZMAN: Pathfinder Exhibit No. 35 is a draft
12 letter from David Hicks to Sarah Dunkell, Alec Dille and
13 John F. Dille IV, dated March 31, 1994; two pages.

14 JUDGE CHACHKIN: It will be so marked.

15 (The document referred to was
16 marked for identification as
17 Pathfinder Exhibit No. 35.)

18 MR. GUZMAN: Pathfinder Exhibit No. 36 is a draft
19 operating agreement of Hicks Broadcasting of Indiana LLC.
20 There is a fax header at the top indicating it was sent on
21 March 31, 1994. This comprises 20 pages.

22 JUDGE CHACHKIN: It will be so marked.

23 (The document referred to was
24 marked for identification as
25 Pathfinder Exhibit No. 36.)

1 MR. GUZMAN: Pathfinder Exhibit No. 37 is a form,
2 Local Station Blanket Radio License, and it comprises eight
3 pages.

4 JUDGE CHACHKIN: It will be so marked.

5 (The document referred to was
6 marked for identification as
7 Pathfinder Exhibit No. 37.)

8 MR. GUZMAN: Pathfinder Exhibit No. 38 is a memo
9 from David Hicks to Alan Campbell dated May 23, 1994; one
10 page.

11 JUDGE CHACHKIN: It will be so marked.

12 (The document referred to was
13 marked for identification as
14 Pathfinder Exhibit No. 38.)

15 MR. GUZMAN: Pathfinder Exhibit No. 39 is a letter
16 from David Hicks to Mr. John Wilson dated June 30, 1994,
17 with some attachments; three pages.

18 JUDGE CHACHKIN: It will be so marked.

19 (The document referred to was
20 marked for identification as
21 Pathfinder Exhibit No. 39.)

22 MR. GUZMAN: Pathfinder Exhibit No. 40 is a letter
23 and attachment from Mr. John Lancaster to Mr. David Hicks
24 dated July 28, 1994. There are three pages in this exhibit.

25 JUDGE CHACHKIN: It will be so marked.

1 (The document referred to was
2 marked for identification as
3 Pathfinder Exhibit No. 40.)

4 MR. GUZMAN: Pathfinder Exhibit No. 41 is the bill
5 from the law firm Irwin, Campbell & Tannenwald dated July
6 10, 1995. Two pages in this exhibit.

7 JUDGE CHACHKIN: It will be so marked.

8 (The document referred to was
9 marked for identification as
10 Pathfinder Exhibit No. 41.)

11 MR. GUZMAN: Pathfinder Exhibit No. 42 is another
12 bill from the law firm Irwin, Campbell & Tannenwald dated
13 October 31, 1995; two pages.

14 JUDGE CHACHKIN: It will be so marked.

15 (The document referred to was
16 marked for identification as
17 Pathfinder Exhibit No. 42.)

18 MR. GUZMAN: Pathfinder Exhibit No. 43 is a letter
19 from Jim Behling, B-E-H-L-I-N-G, to Mr. David Hicks dated
20 February 8, 1996; two pages.

21 JUDGE CHACHKIN: It will be so marked.

22 (The document referred to was
23 marked for identification as
24 Pathfinder Exhibit No. 43.)

25 MR. GUZMAN: Pathfinder Exhibit No. 44 is entitled

Heritage Reporting Corporation
(202) 628-4888

1 Radio Program License Agreement. There are 14 pages to this
2 agreement.

3 JUDGE CHACHKIN: It will be so marked.

4 (The document referred to was
5 marked for identification as
6 Pathfinder Exhibit No. 44.)

7 MR. GUZMAN: Pathfinder Exhibit No. 45 is one
8 page. It's a facsimile from Alan Campbell to David Hicks
9 and Dave Hayes dated March 28, 1996.

10 JUDGE CHACHKIN: It will be so marked.

11 (The document referred to was
12 marked for identification as
13 Pathfinder Exhibit No. 45.)

14 MR. GUZMAN: Pathfinder Exhibit No. 46 is a letter
15 from Alan Campbell to David Hicks dated July 5, 1996,
16 transmitting some attachments. In total, this exhibit has
17 seven pages.

18 JUDGE CHACHKIN: It will be so marked.

19 (The document referred to was
20 marked for identification as
21 Pathfinder Exhibit No. 46.)

22 MR. GUZMAN: Pathfinder Exhibit No. 47 is a
23 facsimile and some accompanying material from Alan Campbell
24 to Bob Watson dated July 18, 1996. There are three pages
25 here.